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FCC Mail Room

WC: 10-90
WC: 05-337

Ms. Sharon Gillett
Chief, Wireline Competition Bureau
Federal Communications Commission
445 12th Street, SW
Washington DC 20554

RE: In the Matter of Connect American Fund, WC Docket No. 10-90; High-Cost Universal Service Support, WC Docket No. 05-337

Dear Ms. Gillett

We are the Wauneta Telephone Company, a provider of incumbent local exchange telephone services to approximately 525 access lines in southwest Nebraska. Wauneta Telephone Company is a family-owned and operated company that has been providing telecommunications services to the Wauneta community since 1911.

This letter seeks your guidance so that we may better understand and respond constructively to the FCC's recent changes to the quantile regression analysis (QRA). We understand that the FCC had designed the QRA to highlight costs that might be inconsistent with the high-cost support provided for recovery of operating expenses and capital expenditures for rate-of-return carriers. In the previous version of the QRA, Wauneta Telephone Company failed in one Capital Expenditures category which would have resulted in a loss of approximately \$1,000. In the original QRA, all Operating Expenses were within the 90% guideline rate. This past week, we reviewed the results generated in the new QRA released in an Order from the Wireline Competition Bureau on April 25, 2012. In the new version of the QRA, Wauneta Telephone Company was surprised to discover that the company would be impacted dramatically on both the Capex and Opex through an annualized federal USF reduction of \$138,636. The magnitude of the change is difficult to understand. We are a small company that operates with limited resources.

We respect the FCC's efforts to be responsive to certain problems in the previous version of the QRA model and methodology. However, this impact will be devastating to a small exchange like Wauneta Telephone Company's. We feel there must be some mistake in the underlying data or the functionality of the new QRA. This proposed reduction in support would severely limit Wauneta Telephone Company's operating cash flow, an outcome that will have grave consequences for the customers and employees of the Wauneta Telephone Company.

Because we assume that there must be one or several errors that have occurred in the application of the new QRA methodology to Wauneta Telephone Company, we request that the FCC assist us in evaluating how these results (initial QRA versus new QRA) could have been generated and how any errors might be corrected.

We believe the Appendices attached to the Order are insufficient detail for us to validate the independent factors used to develop the per-line capital and operating expense limits for the Wauneta Telephone Company study area. Therefore, we request the following detailed information developed for our study area, including, if at all possible, how the calculations were generated (e.g., work papers or similar explanatory information):

- The study area boundary map and study area square miles developed through the use of the TomTom Telecommunications Suite 2011.09;

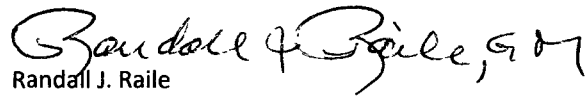
- Directions on the use of the Shapefile template data contained at <http://www.fcc.gov/encyclopedia/rate-return-resources>;
- The development of the number of road miles and road crossings from the ESRI ArcGIS Street map;
- The census block included in the study area boundaries;
- The calculation of the construction values from the application of the soil STATSGO2 database to the study area road data; and
- Any other data and development of the independent variables for Wauneta Telephone Company study area.

We request that you provide this guidance as quickly as possible even if you are not able to respond immediately to all of the questions raised herein. The constructive resolution of this matter is critical to our customers, our employees and the economic welfare of the area we serve.

Respectfully,



Loretta M. Raile
President



Randall J. Raile
General Manager

Cc: James R. Slattery, CPA, Vice-President/Shareholder, Strain Slattery Barkley & Co., CPA's, P.C.
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